

New Franchise Tax Rates, Deadline for 2005

As part of its funding plan for improvements in the state education system, the Arkansas Legislature passed Act 94 of the Second Extraordinary Session of 2003, codified as 26-54-104. This law increases the state's franchise tax. The new rates will apply to the 2004 tax year and will be due on a new date, May 1, 2005. To file online, log onto www.sos.arkansas.gov.

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The following chart compares the previous Franchise Tax rates with the new rates payable in 2005:

Franchise Tax Type	Tax due through the 2004 Reporting Year	Effective 2005 Reporting Year
Corporation/Bank with Stock	.27% of the outstanding capital stock \$50 minimum	.3% of the outstanding capital stock \$150 minimum
Corporation/Bank without Stock	\$100	\$300
Limited Liability Company	\$50	\$150
Insurance Corporation Legal Reserve Mutual with Stock Greater Than \$100 million	\$200	\$400
Insurance Corporation Legal Reserve Mutual with Stock Less Than \$100 million	\$100	\$300
Insurance Corporation Legal Reserve Mutual with Stock Greater Than \$500,000	\$200	\$400
Insurance Corporation Legal Reserve Mutual with Stock Less Than \$500,000	\$100	\$300
Mortgage Loan Corporation	.27% of the outstanding capital stock \$100 minimum	.3% of the outstanding capital stock \$300 minimum
Mutual Assessment Insurance Corporation	\$100	\$300

Note: 26-54-105. Franchise tax reports.

d)(1) Every corporation that dissolves shall be required to pay at the time of dissolution the franchise tax for the prior calendar year and pay at the time of dissolution the minimum franchise tax for the year in which dissolved or withdrawn.